

**Report on Audit of Specified Cost Elements
for Time and Material Proposal
TIRNO-01-R-00005**

June 2001

Reference Number: 2001-1C-105

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

June 29, 2001

MEMORANDUM FOR DAVID A. GRANT
DIRECTOR OF PROCUREMENT
INTERNAL REVENUE SERVICE

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Report on Audit of Specified Cost Elements for Time and
Material Proposal TIRNO-01-R-00005

In response to your request, the Defense Contract Audit Agency (DCAA) audited the direct labor rates, labor escalation factor, overhead rate, fringe benefit rate, General & Administrative (G&A) expense rate, and cost of money factor included in the proposed composite of Time and Material (T&M) rates. This report pertains only to the audit of proposed T&M rates and other direct costs. Accordingly, the DCAA expresses no opinion on the contractor's proposal taken as a whole.

In summary, DCAA took no exception to the proposed direct labor rates, labor escalation factor, fringe benefit rate, overhead rate, G&A expense rate, and cost of money rates. However, DCAA qualified its conclusions for the non-receipt of technical evaluation that may have an effect on the proposed T&M rates and the Internal Revenue Service's determination of a negotiated profit percentage.

The information in this report should not be used for purposes other than that intended without prior consultation with the Treasury Inspector General for Tax Administration regarding its applicability.

If you have any questions, please contact me at (202) 622-6510 or Maurice S. Moody, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

Attachment

NOTICE:

The Office of Inspector General for Tax Administration has no objection to the release of this report, at the discretion of the contracting officer, to duly authorized representatives of the contractor.

The contractor information contained in this report is proprietary information. The restrictions of 18 USC 1905 must be followed in releasing any information to the public.

This report may not be released without the approval of this office, except to an agency requesting the report for use in negotiating or administering a contract with the contractor.

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